

STATE OF HAWAII
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

04 APR -6 A 7:41

TO: Chief Procurement Officer

STATE PROCUREMENT OFFICE
STATE OF HAWAII

FROM: Department of Transportation, Harbors Division
 Department/Division/Agency)

Pursuant to § 103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:

Maintenance services to assist the Harbors Division in operating its Comprehensive Integrated Database System (CIDS) are urgently needed, including but not limited to: Assessing and implementing workaround tasks to carry out critical functional operations and to meet mandated Federal and State financial reporting requirements; Developing mandated statistical and operational reports to readily identify and locate necessary data within the database and tables; Identifying problems and evaluating alternative solutions; Documenting the relationships between the database, table elements, processing requirements and outcomes; Formulating, developing and analyzing information and developing negotiating strategies and responses to the current CIDS contractor; Testing and evaluating the integrity and validity of the CIDS system; Documenting the operational aspects of the CIDS system including reviewing and defining the CIDS system flow, operational pre-requisites and requirements, and updating user manuals with focus on the financial module; Devising interim plans and solutions for Harbors to utilize CIDS over the next 12-24 month period; Developing and implementing proper controls and security to safeguard CIDS system; Testing, modifying, and documenting the CIDS backup and recovery system including user's and operation instructions, recovery situations, audit policy and procedures, and all other related policies and procedures; Modifying or correcting any problems; updating and testing all CIDS documentation; Updating and testing documentation for the user guide, operations guide, technical guide, problem guide, data update guide, DB technical guide, etc.; Testing and controlling the integrity of data and files; Testing and updating data control flow including timing of input, edit rules, etc.; Verifying all test conditions were documented (unit, leg, group and system) and confirming testing was done; Testing and documenting all-important cycles (daily, weekly, monthly, semi-yearly, yearly, bonds, etc.; and confirming all file documentation.

Name of Vendor: eWorld Enterprise Solutions, Inc.
 Address: TOPA Financial Center
 700 Bishop Street, Suite 1702
 Honolulu, Hawaii 96813

Cost: \$250,000

Term of Contract: From: Date of Approval To: 24 months from date of approval
 Ref. No. (if applicable)

Prior Exemption

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State: The CIDS contractor, Klein Systems Group, was to have delivered six (6) separate major modules including the Financial Management Module (which consists of eight (8) sub modules) together with computer source codes and supporting technical documentation. All modules have been deemed incomplete and not acceptable. Due to disputes with the CIDS contractor, the Department of the Attorney General (AG) was asked to assist the department and evaluate options, including whether litigation should be commenced. With assistance of the AG, our department has been working to reach a resolution with the CIDS contractor on correcting the problems being encountered with CIDS. E-World was retained by the AG to assist in the technical evaluation of the CIDS project and to serve as the State's expert witness.

The CIDS contractor is currently working under an extension, which will expire on April 30, 2004. It appears doubtful that issues between our department and the CIDS contractor will be resolved before the expiration date. The most critical module is the Financial Management Module which was implemented on July 1, 2002. The module has major deficiencies still awaiting correction. The AG's review has also raised security administration issues in the set up of the CIDS system. The Harbors Division, with approximately \$200 million in harbor revenue bonds outstanding, must comply with financial reporting requirements to bondholders and meet federal reporting requirements. Due to the deteriorating working relationship with the CIDS contractor, the Harbors Division must plan for the possibility the outstanding issues will not be resolved by April 30, 2004. Consequently, the Harbors Division needs assistance to maintain and operate the CIDS system, particularly the Financial System Module.

PE-04-31-M

Failure to properly and timely prepare the necessary financial reports could have serious adverse consequences for the State, including a downgraded bond rating and increased financing costs. To minimize potential harm and any possible negative financial impacts, it is critical that the department secure services to assist in the on-going maintenance of the CIDS system. The CIDS system is written in Delphi programming on an Oracle platform. Data from the various modules are integrated in the Financial Management Module. Without the source codes and with only the minimal documentation provided by the CIDS contractor, the Harbors Division is in urgent need for additional assistance to maintain and operate the CIDS system.

Because E-World, through its work with the AG, has detailed knowledge and experience in the CIDS system and the issues involved, hiring another vendor is not advantageous to the State or the Harbors Division. E-World will be able to immediately render assistance due to their familiarity with the CIDS system and its problems.

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

Due to our critical circumstances, only one vendor is capable of providing the services needed in the response time necessary because of its knowledge and familiarity with the CIDS system and its problems.

A description of the agency's internal controls and approval requirements for the exempted procurement:

The contract for services will be conducted under the supervision of Rodney Haraga, Director of Transportation, and subject to his final approval.

A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:

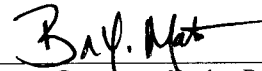
Director of Transportation
Deputy Director for Administration
Harbors Administrator
Harbors Administrative Services Officer

Direct questions to:
Bruce Matsui, Deputy Director for Administration

Phone Number:
(808) 587-2154

This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: Yes ☐ No ☒

***I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS, TO THE BEST OF MY KNOWLEDGE,
TRUE AND CORRECT.***



Department Head or Designee

4/2/04

Date

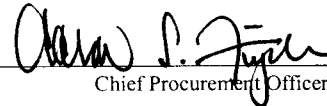
Title (If other than Department Head)

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

☒ APPROVED

☐ DISAPPROVED



Chief Procurement Officer

4/16/04

Date

cc: Administrator,
State Procurement Office

PE-04-31-M

STATE OF HAWAII

NOTICE OF EXEMPTION FROM CHAPTER 103D, HRS

The Chief Procurement Officer is in the process of reviewing the request from the Department of Transportation for exemption from Chapter 103D, HRS, for the following goods, services, or construction:

Assessing and implementing workaround tasks to carry out critical functional operations and to meet mandated Federal and State financial reporting requirements; Developing mandated statistical and operational reports to readily identify and locate necessary data within the database and tables; Identifying problems and evaluating alternative solutions; Documenting the relationships between the database, table elements, processing requirements and outcomes; Formulating, developing and analyzing information and developing negotiating strategies and responses to the current CIDS contractor; Testing and evaluating the integrity and validity of the CIDS system; Documenting the operational aspects of the CIDS system including reviewing and defining the CIDS system flow, operational pre-requisites and requirements, and updating user manuals with focus on the financial module; Devising interim plans and solutions for Harbors to utilize CIDS over the next 12-24 month period; Developing and implementing proper controls and security to safeguard CIDS system; Testing, modifying, and documenting the CIDS backup and recovery system including user's and operation instructions, recovery situations, audit policy and procedures, and all other related policies and procedures; Modifying or correcting any problems; updating and testing all CIDS documentation; Updating and testing documentation for the user guide, operations guide, technical guide, problem guide, data update guide, DB technical guide, etc.; Testing and controlling the integrity of data and files; Testing and updating data control flow including timing of input, edit rules, etc.; Verifying all test conditions were documented (unit, leg, group and system) and confirming testing was done; Testing and documenting all-important cycles (daily, weekly, monthly, semi-yearly, yearly, bonds, etc.; and confirming all file documentation.

Vendor: eWorld Enterprise Solutions, Inc.

Address: TOPA Financial Center
700 Bishop Street, Suite 1702
Honolulu, Hawaii 96813

Term of Contract: From: Date of Approval To: 24 Months from date of approval | **Cost:** \$250,000

Direct any inquiries to:

Department: Dept. of Transportation

| Phone Number: 587-2154

Contact Name/Title: Bruce Matsui, Deputy Director

Address: 869 Punchbowl Street
Honolulu, Hawaii 96813

| Fax Number: 587-2168

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**APRIL 7, 2004**  
Date Posted: \_\_\_\_\_

A copy of this notice of exemption from Chapter 103D, HRS, shall be posted by the Chief Procurement Officer and the purchasing agency in an area accessible to the public, at least seven (7) calendar days prior to any approval action.

Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days from the date posted to:

Chief Procurement Officer  
Office/Agency \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_